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Attorneys for the Responsible Officer, John Fioretti

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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	:	
In re:	:	
	:	Chapter 11
GCO SERVICES, LLC,	:	
	:	
Debtor.	:	
	:	Case No. 02-15360 (ALG)
	:	
	:	
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GCO SERVICES, LLC,	:	
	:	
Plaintiff,	:	
	:	
v.	:	Adv. Pro. No. 04-04436
	:	
JOHN E. LAWLOR, for the benefit of	:	
GABRIELLA GAMBETTA, and	:	
GABRIELLA GAMBETTA (in her individual	:	
capacity)	:	
	:	
Defendants.	:	
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**STIPULATION**

John Fioretti, the Responsible Officer (the “Responsible Officer”) of GCO Services, LLC, f/n/a Gruntal & Co., LLC (“GCO” or the “Debtor”), and John E. Lawlor (“Lawlor”), for the benefit of Gabriella Gambetta and Gabriella Gambetta (in her individual capacity “Gambetta”), (collectively both Lawlor and Gambetta the “Defendants”) hereby stipulate and agree as follows:

## **RECITALS**

**WHEREAS**, on October 29, 2002 (the “Filing Date”), the Debtor filed a voluntary petition for reorganization under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”);

**WHEREAS**, on March 12, 2004, the Bankruptcy Court signed the Order Confirming Third Amended Liquidating Joint Plan of Reorganization of GCO Services, LLC and GFinancial, LLC Under Chapter 11 of the Bankruptcy Code (as it may be supplemented and amended, the “Plan”) and the Court appointed the Responsible Officer, pursuant to provisions of the Third Amended Plan. Pursuant to paragraph 30 of the Confirmation Order, the Responsible Officer’s appointment became effective on March 25, 2004;

**WHEREAS**, pursuant to Article VI, Section E of the Plan, the Responsible Officer was granted all necessary authority and standing to prosecute any and all claims arising, among other things, under Chapter 5 of the Bankruptcy Code;

**WHEREAS**, after reviewing the books and records, the Responsible Officer sought the return of certain transfers of property from the Debtor to the Defendants pursuant to Chapter 5 of the Bankruptcy Code by filing a Complaint against the Defendants on October 29, 2004 (the “Complaint”).

**WHEREAS**, in view of the risks and costs associated with litigation, the parties hereto now wish to settle the dispute between them upon the following terms and conditions:

1. Defendant Lawlor shall pay GCO the sum of \$15,000.00 and Defendant Gambetta shall pay GCO the sum of \$24,000.00 (collectively the “Settlement Amount”). The Settlement Amount may be paid in three equal installments by both Lawlor and Gambetta. Payment shall be due on September 15, 2005, October 15, 2005 and November 15, 2005 and shall be made as follows: (i) check drawn upon a United States Bank, representing existing available funds, to the

order of “GCO Services, LLC” and delivered to GCO Services, LLC c/o Turnaround Advisors, LLC, 11320 Dixie Glen Drive, Suite 213, Charlotte, NC 28277 or (ii) wire transfer to Bank of New York, 1 Wall Street, New York, NY 10286, ABA # 021000018, GCO Services, LLC account # 8660001841. The Creditor Trustee shall hold the Settlement Amount in escrow pending approval of the Stipulation by the Bankruptcy Court.

2. Upon payment in full of the Settlement Amount by the Defendants, the Responsible Officer shall withdraw, release and waive the Complaint with prejudice against the Defendants, its assigns, administrators and successors in interest. In the event of a default by either of the Defendants, said release shall only apply to the non-defaulting party.

3. The Defendants hereby withdraw, release and waive with prejudice any and all proofs of claim, claims, causes of action and any other obligation of any kind or nature against the Debtor, GFinancial, LLC, their estates, the Responsible Officer, all counsel and professionals in the above-captioned case and adversary proceeding and each of their assigns, administrators and successors in interest.

4. The Defendants hereby agree that they shall not file any proofs of claim from and after the date of this Stipulation and waive any and all proofs of claim filed to date. Any such claim filed by the Defendants shall be deemed a nullity.

5. The Court shall retain jurisdiction over the terms and conditions of this Stipulation.

6. The Stipulation cannot be amended, modified or superseded except upon written consent of the parties hereto.

7. This Stipulation may be signed in counterparts, with each part being deemed a part of the original document.

8. This Stipulation may be signed by facsimile transmission which signatures shall be treated as original signatures.

9. The Clerk of the Court is directed to close the above-captioned adversary proceeding.

Dated: New York, New York  
September 30, 2005

GCO SERVICES, LLC  
John Fioretti, Responsible Officer

The Law Offices of John Lawlor

By: /s/ John Fioretti  
John Fioretti  
11320 Dixie Glen Drive, Ste 213  
Charlotte, NC 28277

By: /s/ John Lawlor  
John Lawlor, Esq.  
129 Third Street  
Mineola, New York 11501  
(516) 247-7700

SHERMAN, CITRON & KARASIK, P.C.

By: /s/ Howard Karasik  
Howard Karasik, Esq.  
605 Third Avenue, 25<sup>th</sup> Floor  
New York, New York 10158-0125

By: /s/ Gabriella Gambetta  
Gabriella Gambetta, Individually  
176 Lexington Street  
Westbury, NY 11590  
(516) 338-4811

SO ORDERED:

January 11, 2006

/s/ Allan L. Gropper  
UNITED STATES BANKRUPTCY JUDGE